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The Golden Triangle: New Developments in Narcotics Trafficking

An Intelligence Assessment

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The Golden Triangle: New Developments in Narcotics Trafficking

Central Intelligence Agency
National Foreign Assessment Center

September 1978

Key Judgments

The Golden Triangle, a broad area embracing parts of Burma, Thailand, and Laos, remains the center of world opium production for illicit purposes. Production in 1978 is expected to range between 420 and 470 metric tons—well above 1977s figure of 400 tons, but slightly less than in 1975 and 1976.

Although two-thirds of the arca's output is consumed within the three producing nations, in an average year some 150 tons of opium equivalent enters into international markets. This probably represents the largest single source of opium and opium derivatives entering the international illicit trade. About half of Golden Triangle exports are consumed in other southeast Asian countries, with Malaysia, Hong Kong, Singapore, and Indonesia being the largest markets. Typically, another 60 tons of opium equivalent enter the West European market, while five to 10 tons go to Australia.

In 1977, about one-third of the estimated six tons of heroin (60 tons of opium equivalents) consumed in the United States was of Golden Triangle origin. This marks a significant increase over previous years and apparently results from a reduction in the flow of heroin derived from Mexican opium. (Mexican heroin, which supplied about 90 percent of the US market in the mid-1970s, has declined sharply in importance because of Mexico's increasingly effective program of destroying poppy plantations, increased US interdiction of heroin shipments at the border, and poor climatic conditions.) Golden Triangle heroin destined for the United States is smuggled abroad international flights from Thailand and Singapore and by sea shipments through Malaysia and other Pacific points.

Most Golden Triangle opium distribution traditionally has been in the hands of ethnic Chinese, usually of Yunnanese origin. The most important of these Chinese groups are the Chinese-led Shan United Army (SUA) and the Chinese Irregular Forces. The latter group was originally composed of

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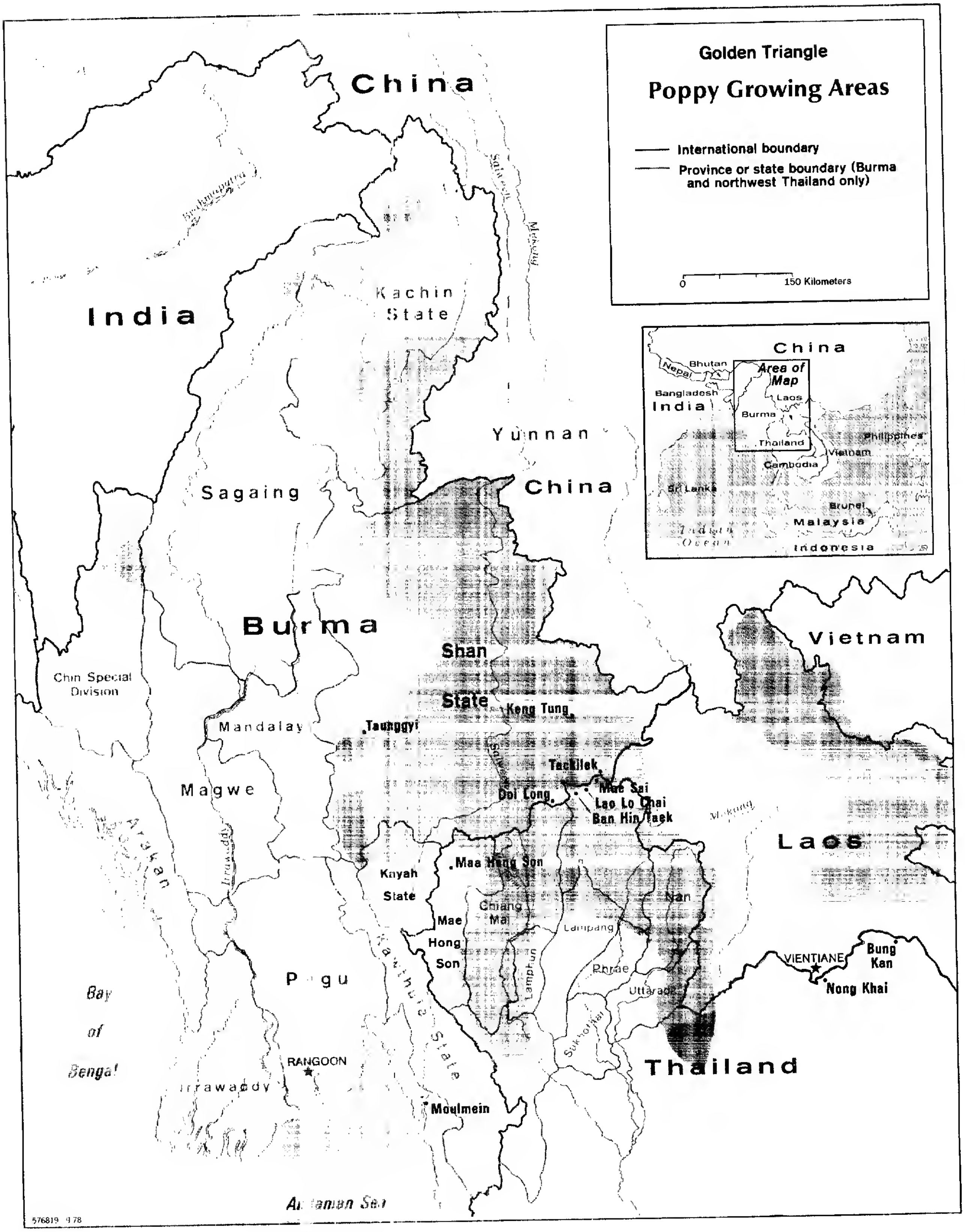

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remnants of Nationalist armies driven from western China when the Communists consolidated their control. The SUA, on the other hand, has been mainly a narcotics trafficking organization employing large numbers of ethnic Shans as soldiers and laborers. The transport role of these groups has declined since 1976, however, because of government interdiction efforts. Independent traffickers and tribal groups, which because of their smaller size are more difficult targets for government action, now handle about two-thirds of opium shipments within the Triangle. Some of these independent traffickers work under contract for or pay taxes to the Chinese groups. Burmese Communists are also increasing their role in narcotics activity by offering protection to opium caravans through their areas of control.

Processing and international shipping is also handled largely by ethnic Chinese. In particular, narcotics destined for the international market are often financed by consortia of Chinese businessmen who also may have other, legitimate interests. International distribution is usually handled by Chinese of South China ancestry, who deal with compatriots in Chinese communities throughout the world.

The Burmese Government is engaging in vigorous police and military actions against growers, processors, and smugglers. Although these efforts have resulted in some structural changes in the narcotics business—including a decline in the use of large caravans—they appear to be having little lasting effect on total opium output. Opium cultivation continues to be the main source of income for many tribal groups. As government forces are unable to effectively control all areas of Burma on a continuous basis, tribal groups have little incentive to give up opium production despite the occasional destruction of their crops and stocks. As for Thailand, the government has moved more cautiously against growers, focusing its antinarcotics effort instead on urban enforcement. The Government of Laos is apparently making no effort to discourage the narcotics business in its jurisdiction.

In the near term we expect heroin that is derived from Golden Triangle opium to come into the US market in increasing amounts as (a) Mexican heroin is prevented from entering the United States in customary amounts; and (b) Golden Triangle heroin is displaced in Western Europe by heroin of South Asian origin. We see little likelihood that the total supply of Golden Triangle opium will be significantly reduced. Indeed, government interdiction efforts may have strengthened the business by forcing traffickers to shorten lines of communication, take advantage of relatively safe supplies from Communist-controlled areas, process opium near the site of poppy cultivation, and use small caravans of independent transporters. Marginal traffickers have been forced out, and those remaining are better organized and financed than ever. Moreover, Laos—where regulation is weak and which was only a minor factor in Golden Triangle production—may be emerging as a major supplier of narcotics.

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The Golden Triangle: New Developments in Narcotics Trafficking

Recent Opium Production Trends

Raw opium production in the Golden Triangle is expected to range between 420 and 470 tons during the crop year ending in August 1978. Roughly three-fourths of total production continues to come from Burma, with Thailand and Laos accounting for the remainder. Although output is believed to have risen in Burma and Thailand—and perhaps Laos as well—in crop year 1978, production is still somewhat below levels reached in the mid-1970s, as indicated in table 1.

Burma—Leading Producer

Raw opium output in Burma historically has averaged between 400 and 500 tons annually. Since 1976, however, production has consistently fallen below the historical average, reflecting the effectiveness of Burma's poppy crop destruction campaigns and, in some years, poor growing conditions. During the 1977 crop year Burmese production dropped to an estimated 300 tons, the lowest level in recent history. Roughly half the year-to-year drop in output reflected the government's poppy destruction program that affected 4,000 hectares, an area capable of producing 50 tons of raw opium. In addition to the crop destruction program, adverse weather resulted in a substantial drop in yields.

Table 1

Golden Triangle: Estimated Opium Production [1]

Metric Tons

	1978 [2]	1977	1976	1975
Total	**420-470**	**400**	**500**	**520**
Burma	300-350	300	400	440
Thailand [3]	70	50	50	30
Laos	50	50	50	50

[1] Crop year ending in August of stated year; all estimates rounded to nearest 10 tons.

[2] Preliminary.

[3] Estimates not comparable from year to year because of differences in survey coverage.

Burmese opium production in 1978 approximated 300 to 350 tons as improved growing conditions more than offset continued crop losses caused by the government's poppy destruction programs. During the sensitive growing period (September 1977-February 1978) some 4,000 hectares of poppies were again destroyed by the government with most of the destruction occurring in Shan State areas west of the Salween River. Despite the government's program, the area west of the Salween still accounts for over 60 percent of total Burmese production. Communist-controlled areas east of the Salween River account for most of the remainder; smaller amounts continue to be produced in Kachin State, Kayah State, and Chin Hills.

Thailand—Rising Production

The opium harvest in Thailand is expected to reach somewhat more than 70 tons in 1978. This estimate derives in part from surveys covering major areas in northern Thailand where the crop is raised. Based on these studies, 6,400 hectares were under cultivation during 1978 with yields averaging 11 kilograms per hectare. The largest poppy-producing area remains Chiang Mai Province, which contributes some 40 percent of the total area under poppy cultivation. While we believe Thai output increased during the current year, table 1 overstates the gains since previous annual production estimates were based on less comprehensive surveys than those used for the 1978 crop.

Laos—Output Still Uncertain

The level of opium production in Laos remains little more than an estimate. Prior to the Communist takeover of the country, opium production was believed to approximate 30 tons annually, most of which was consumed domestically. However, there are indications that production in the past was substantially greater than 30 tons per year, since that figure excludes any output from Communist areas during the period of the neutral government. We now believe that output from these regions may have been considerable—perhaps 20 tons annually. As a result we put total 1978 opium production in Laos at 50 tons.

Raw Opium Shipments in 1977-78

About one-third of the opium grown in the Golden Triangle is consumed in the area itself. Another one-third or more is usually shipped for use elsewhere in the Burma-Thailand-Laos region. The balance of production—typically 150 tons of opium equivalent annually—makes its way into international markets.

Burma—Shipments to Border Areas

Opium-producing areas in Burma shipped almost 200 tons of opium equivalents during 1977 to transshipment points or refineries located elsewhere in Burma or in Thailand. Nearly 60 percent of these supplies originated in the northern Shan State, with the balance coming mainly from the central and southern Shan State. As indicated in table 2, deliveries from these regions—measured in raw opium equivalents—rose sharply between 1976 and 1977 despite stepped-up Burmese army interdiction operations. These military actions, however, did force traffickers to ship a larger share of their output in the form of impure morphine base *(pitzu)* rather than raw opium, which is bulkier and more difficult to transport.

Table 2

Burma: Regional Opium Shipments [1]

Metric Tons

	Jan-Apr 1978	1977	1976
Total	**41.1**	**198.4**	**168.9**
Northern Shan State	2.2	116.1	92.4
Central Shan State	25.5	47.9	67.2
Southern Shan State	13.4	30.6	9.3
Kayah State	0	3.8	0

[1] Including the opium equivalent of processed narcotics

During 1977 a little over 90 percent of the opium shipped from Burmese producing areas went to the Burma-Thailand border. The rest went to scattered points elsewhere in Burma. Receiving points for the main narcotics flow remained concentrated in two major border regions: the Lao Lo Chai-Doi Long area, which accounted for almost 70 percent of deliveries in Burma [redacted] and 25X1C Mae Hong Son Province border region. The Kengtung area in Burma remains an important transshipment point for many of these border shipments, accounting for more than 20 percent of all shipments to border areas. Most of the Kengtung shipments are believed to have originated in areas controlled by the Burmese Communists.

Data for early 1978 indicate that shipments from major producing areas within Burma are running well behind those of the comparable 1977 period. During the period January-April 1978, for example, deliveries from the northern Shan State of a little more than two tons compared with 14 tons for the same 1977 period. However, much of this reduction is attributed to delays in shipments resulting from fighting between the Burmese Army and the Burmese Communists. Numerous reports indicate that large stocks of narcotics had been assembled throughout the Shan State awaiting delivery to the border during this period. With military action waning, we expect full-scale shipments to resume; total shipments for the year should equal or exceed 1977 levels.

Thailand—Movements South

Raw opium shipments out of Thai producing areas are difficult to track. Since this crop is an important source of income for the tribal growers in north Thailand, a large share eventually finds its way into traditional Golden Triangle traffick-

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ing channels where it mingles with the flow of opium equivalents from Burma. Sizable amounts of Thai production, however, are consumed within the Thai producing areas themselves. While the amounts vary according to tribal usage rates, this local consumption usually absorbs 40 percent of annual production—perhaps 30 tons of opium equivalent annually. Thai opium consumption outside immediate producing areas amounted to an estimated 100 tons annually in recent years. Only about 30 percent is derived from supplies grown in the Thai portion of the Golden Triangle; the rest comes mainly from Burma.

Laos—Internal Movements

We have little direct information concerning the movement of Laotian opium. Assuming the same pattern of usage that prevails in producing areas of Burma and Thailand, we would calculate that some 20 tons of Laotian output is consumed in or around the producing areas themselves. Small amounts presumably are distributed elsewhere in Laos, although the quantities are impossible to assess. As for shipments to markets or processing centers outside of Laos—either Thailand or elsewhere—we have little data. Contracts for the sale of Laotian narcotics, however, have reportedly been made with officials of certain Communist countries as well as known traffickers in the Golden Triangle.

International Trade and Usage

Given estimated levels of production and local and regional consumption, Golden Triangle supplies available for the international market amounted to as much as 150 tons of opium equivalent in 1977.[1] The bulk of this would have entered international channels in the form of heroin. Based on seizure statistics to date there seems to have been no abatement in the flow so far this year. Given our estimate of increased Golden Triangle production in 1978, international shipments may in fact be on the rise.

Scattered Destinations

The bulk of Golden Triangle narcotics entering international channels continues to be consumed within the Southeast Asian area itself. Consumption estimates, again very tentative, show heroin consumption in Malaysia and Hong Kong at three tons each, amounts which together would require 60 tons of opium equivalent. Their heroin user population totaled an estimated 75,000 and 90,000 persons, respectively. Singapore and Indonesia provide markets for another 10 tons of opium equivalent.

Another 60 tons of opium equivalent from the Golden Triangle is believed to have entered West European markets during 1977 with an additional five to 10 tons going to Australia. These figures are derived by multiplying known dosage rates by the estimated user populations—106,000 persons in Western Europe and 35,000 in Australia. The results are roughly consistent with our estimates of available supplies for these areas. Although still the leading supplier to Western Europe, Southeast Asian traffickers are facing increased competition from narcotics coming from the Pakistan-Afghanistan region.

Illicit shipments from the Triangle to the North American market in 1977 may have approximated 2.5 tons of heroin (25 tons of opium equivalent), of which 2 tons were aimed specifically at the US market. Deliveries at this rate—roughly one-third of US requirements—would imply a significant increase in the share of US consumption supplied from the Triangle. This apparent shift no doubt results from the reduction in the flow of heroin derived from Mexican grown opium.

International Routes

The bulk of the narcotics produced in the Golden Triangle for the international market continues to be routed through Thailand, Malaysia, and Singapore. Heroin shipped to Bangkok

[1] Efforts to reconcile production estimates with data on shipments is complicated by the fact that production is computed on a crop year basis whereas intelligence data on shipments is delivered on a calendar year basis. Thus, shipments in 1977, for example, largely reflect the output harvested during the crop year ending in August 1976. Another factor complicating any reconciliation is the presence of sizable but indeterminant stocks of opium and opium equivalent at various points in the Golden Triangle region. Our best estimate places the size of these stocks at about 80 tons at the beginning of 1978.

for foreign destinations is usually transferred to couriers for smuggling aboard international flights to Western Europe, Australia, and the United States. Direct shipments from the Burma-Thailand border to Malaysia constitute the second major route. Although most of these shipments follow land routes—bus, train, and truck—to the Malaysian border, there have been reports of shipments going directly from Burmese ports on the Andaman Sea to Malaysia. Most of the fishing boats used on these routes handle other black market commodities as well.

Narcotics routed through Malaysia are generally transshipped through the port of Penang and by air from Singapore. Other ports along the Malaysian coast are used for shipping narcotics to Indonesia, which serves as a transit point for heroin destined for the US mainland via the Philippines and Hawaii. The use of Singapore as a jumping off point for narcotics produced in the Golden Triangle has also been expanding in recent years. One byproduct of using the Malay Peninsula as a transit point for narcotics has been a sharp increase in the Peninsula's user population.

Golden Triangle Traffickers, Processors, and Traders

Ethnic Chinese, primarily of Yunnanese origin, continue to control Golden Triangle narcotics activities including purchasing, processing, and distribution. Of particular importance are the Chinese Irregular Forces (CIF) and the Shan United Army (SUA), two groups which have historically controlled a major share of the traffic within the Golden Triangle. Burmese Communists have been increasingly involved in Golden Triangle narcotics activity in recent years, but even this group is generally controlled by ethnic Chinese. However, the Burmese Communist Party (BCP) is not involved in the transport of narcotics to the Thai border.

The Traffickers

The once overwhelming hold of the SUA and CIF over Golden Triangle traffic has undergone some change during the last year or so. The major change has been the decline in their role as

Table 3

Burma: Opium Shipments by Organization

Percent

Organization	1975	1976	1977
Shan United Army	34	31	23
Chinese Irregular Forces	17	26	6
Shan United Revolutionary Army	0	3	6
Subtotal of Chinese-led Groups	51	60	35
Burmese Self-Defense Groups (KKY)	8	1	1
Tribal groups	3	3	21
Independent traffickers	38	36	43
Total	**100**	**100**	**100**

transporters of opium from Burma to the Thai border. As indicated in table 3, the SUA and CIF together handled almost 60 percent of the traffic in 1976 but only 30 percent last year. Although independent traffickers and tribal groups have filled the vacuum, they often operate under contract to the SUA or CIF or are subject to various types of taxes imposed for the privilege of transporting the opium. In effect, then, the larger organizations continue to control the opium shipments.

One reason for the organizational change in how opium is shipped has been the increase in government antinarcotics operations against the large trafficking organizations. Another byproduct of the government program has been a drastic reduction in the size of caravans carrying opium. In the mid-1970s, for example, it was not unusual for CIF and SUA caravans to contain as many as 300 pack animals and an equal number of troops and traffickers. Typically, a caravan of this size would carry over 10 tons of narcotics. Now it is unusual to find any caravan hauling more than two tons and the average shipment is probably less than one ton.

Significant route changes have also occurred during the past year. The key change has been toward use of more numerous transshipment points in order to avoid government interdiction measures. Moving narcotics in stages also allows for more effective use of vehicles and porters, particularly on the route between Kengtung and the Thai border. The SUA has altered its traf-

ficking arrangements to use the southern Kengtung transshipment point which makes possible the direct purchase of opium from the Burmese Communists.

In addition to selling directly to the SUA, the Burmese Communists have increased their role in Golden Triangle narcotics activity in several other ways. In particular they have expanded their involvement in the trade by offering protection to caravans carrying narcotics purchased in Communist areas east of the Salween River. In the past the BCP served only as sales agents and provided no assistance once the new buyer took control of the opium. Most of the BCP narcotics continues to be marketed in traditional Golden Triangle distribuiton channels through the Kengtung area.

Opium Processing

The number of facilities processing narcotics increased in 1977 throughout the Golden Triangle. Much of this increase came about in an attempt to minimize the risk of shipping raw opium from the northern Shan State by converting greater quantities of opium into impure morphine base prior to departure. In addition, traffickers were anxious to reduce raw opium stockpiles in the border area by converting most of their opium and morphine base supplies into heroin. During 1977 at least 56 percent of the opium equivalents shipped into the Burma-Thailand border were delivered directly to heroin refineries. By comparison, during the first four months of 1978 this figure rose to over 80 percent.

Since the beginning of 1978 at least 11 refineries specializing in the production of impure morphine base have been identified in the northern Shan State. Six of the privately owned facilities were located in areas under the control of the Kachin Independence Army (KIA). Another five were located in areas controlled by the BCP. Border refineries specializing in the production of heroin were particularly active in 1977 and early 1978 when 19 facilities were identified as producing morphine base and all types of heroin. The greatest concentration—seven refineries—was located in the Lao Lo Chai area; others were in the Doi Long area and the Mae Hong Son border region. (See map on page 8.)

As for personnel, almost all of the heroin chemists operating in the Golden Triangle are Chinese. Many of the chemists now residing in north Thailand had formerly operated heroin laboratories in Hong Kong. The crackdown on laboratories by Hong Kong authorities in 1976 forced a large number of chemists to flee to Thailand where they are now specializing in the production of No. 3 heroin tailored for the Hong Kong market. Thus far processing plants have had little trouble obtaining the needed chemicals used in opium processing. Strong demand for the kinds of chemicals used in the heroin conversion process did result in temporary shortages during 1977-78.

International Shipping

Narcotics destined for the international market from the Golden Triangle are often handled by consortia of Chinese businessmen. Although narcotics trafficking is the major source of income for many of them, some are upstanding community leaders with varied profitable business interests. The latter type of investor is not usually a permanent member of a trading group but moves in and out of the market depending on opportunities. Generally there is little if any association by these investors with the actual handling of narcotics. International distribution is mostly under the control of ethnic Chinese of South China ancestry. They deal only with their compatriots in the numerous overseas Chinese communities throughout the world. Because of the notoriety associated with narcotics trafficking and the Chinese community in Europe and other areas of the world served by the Golden Triangle, these groups now employ Caucasian couriers for transporting heroin out of Southeast Asia.

Government Programs

During 1977 and early 1978 the Burmese and Thai Governments continued to engage in a wide variety of operations designed to reduce the

effectiveness of the traffickers and their organizations in the Golden Triangle and peripheral areas. In Burma these operations involved the use of government officials, police, and military forces in efforts to destroy poppies and refineries and to interdict caravans. In Thailand, major emphasis was placed on stepped-up enforcement efforts between the Burma border and Bangkok, the implementation of crop substitution programs in the growing areas, and a recently promulgated order by the government to expell all anti-Burmese dissident groups from the country. Laos had no antinarcotics program of significance.

The Burmese Effort

Burmese poppy crop destruction programs appear to have leveled off during the past three years to an annual destruction rate of about 4,000 hectares, which is equivalent to approximately 50 tons of potential output each year. Most of the affected area lies west of the Salween River where Burmese troops are able to penetrate without the use of excessive force. Most of the traditional growing areas west of the Salween, like those to the east, are cultivated by tribal groups for whom the opium poppy is a main source of income. Their reluctance to give up poppy cultivation, coupled with the inability of the Burmese army to maintain a permanent presence in many of these areas, has minimized the long-term impact of the program.

Other Burmese programs involve the interdiction of narcotics caravans moving between producing areas and the Thai border. Burmese blocking operations along major north-south trails and river fords have drastically curtailed the size of caravan operations, particularly from areas in the northern Shan State to the Thai border. The Chinese Irregular Forces, in particular, have reduced their transport operations in the northern Shan State and now restrict themselves to areas closer to the Thai border. As a result, Burmese interdiction operations have been increasingly directed against the Shan United Army, which had taken over the role as the leading trafficking organization in the Golden Triangle.

Aside from attacking caravans, the Burmese army is actively engaged in military raids against the physical headquarters of trafficking organizations and their processing and storage facilities in the Burma-Thailand border area. These operations are designed for maximum disruption of the narcotics infrastructure. In their most recent operations, the Burmese army has made use of US-supplied helicopters provided under narcotics aid programs for ferrying attacking troops into staging areas for these raids. In June 1977, more than 1,000 troops attacked and overran six refinery and storage sites in the western border area adjacent to Mae Hong Son Province, Thailand, seizing considerable quantities of illicit materials. Although this raid, like the Mohein IV campaign in April 1978 was limited to specific targets along the border, the fear of additional attack operations caused many traffickers to cease their refining activities temporarily. (See map on page 9.)

The Thai Effort

In Thailand the Border Patrol Police (BPP) maintained pressure against traffickers in the border last year. There were several successful interdictions of shipments of narcotics and the chemicals used in the heroin conversion process. These actions, combined with a tightening of enforcement efforts between northern Thailand and Bangkok temporarily drove traffickers underground during the first half of 1977. Although the traffic picked up momentum during the second half of 1977 and early 1978, traffickers tended to avoid Bangkok rather than risk confiscation of their shipments. Enforcement efforts in Thailand during 1977 accounted for record total seizures of opium equivalents of more than 16 tons as compared to 11 tons in 1976 and three tons in 1975. As a result, the price differential for No. 4 heroin between the Burma-Thailand border and Bangkok increased by almost 75 percent between 1976 and 1977, and indications are that a similar increase will again take place in 1978.

Perhaps the most significant action taken to date by the Thai Government in its antinarcotics campaigns was the 6 March 1978 decision by the

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National Security Council to expel from the country all Burmese dissident groups operating from bases in north Thailand. This order was primarily directed at the SUA. Although the SUA has moved from its former headquarters at Ban Hin Taek, Thailand, it is still maintaining an armed presence on the Thai side of the border and is heavily engaged in the production of heroin. Despite the common narcotics problem along the Thai-Burma border, there is little combined activity or cooperation between the two governments on control efforts. The presence of Burmese dissidents in Thailand has been partly responsible for the lack of trust that exists between the two governments.

The UN has an active crop substitution program in the tribal areas of north Thailand. Efforts are being made to find crops suitable for growing in a poppy culture environment. Thus far some success has been accomplished with crops such as soybeans and coffee cultivation. However, the Thai effort is still in an experimental stage, despite some special marketing arrangements made for substitute crops. A major limiting factor to the success of this program appears to be marketing constraints.

Danger Points Ahead

While antinarcotics programs have been disruptive to some extent, they have not seriously impeded the capability of the Golden Triangle to grow, ship, and process narcotics. Indeed the adjustments already made by traffickers—using independent transporters, converting to high-value but low-volume finished narcotics near areas of production, shortening lines of communications, and taking advantage of relatively safe Communist supplies—have gone a long way towards neutralizing government interdiction efforts. Moreover, this has been accomplished without any loss in control over the traffic exercised by the large Chinese organizations.

The disruptions in recent years have also tended to eliminate the inefficient marginal operator and producer from the traffic. Those that remain are generally more soundly financed and enjoy considerable support from the critically important Chinese organizations. Although the total number of heroin refineries has been reduced in recent years because of this filtering-out process, the remaining ones are better organized and managed. They also enjoy the protection of the major trafficking organizations, who provide communication services and access to markets. In fact many of these operations are now vertically integrated so that they enjoy a guaranteed supply of raw narcotics materials as well as chemicals.

Another problem threatening narcotics control in the future is the possible emergence of Laos as a major supplier of narcotics. The creation of new narcotics trafficking routes between Laos and Thailand has frequently been reported during the past year. (See map on page 10.) Although the extent of this traffic is unknown, the ease with which narcotics can be smuggled into Thailand at almost any point along the Mekong River border holds a strong potential for making this region a significant channel for narcotics smuggling. This situation is further complicated by the reported involvement of Laotian officials in the traffic. Aside from this fact, there appears to be an increase in output from South Asian areas which will increasingly compete with Golden Triangle supplies now going to Western Europe. To the extent this occurs, Triangle traffickers may increasingly focus their international sales effort on the United States.

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The author of this paper is [redacted] *Office of Economic Research. Comments and queries are welcome and should be directed to* [redacted] *on 351-6202.*

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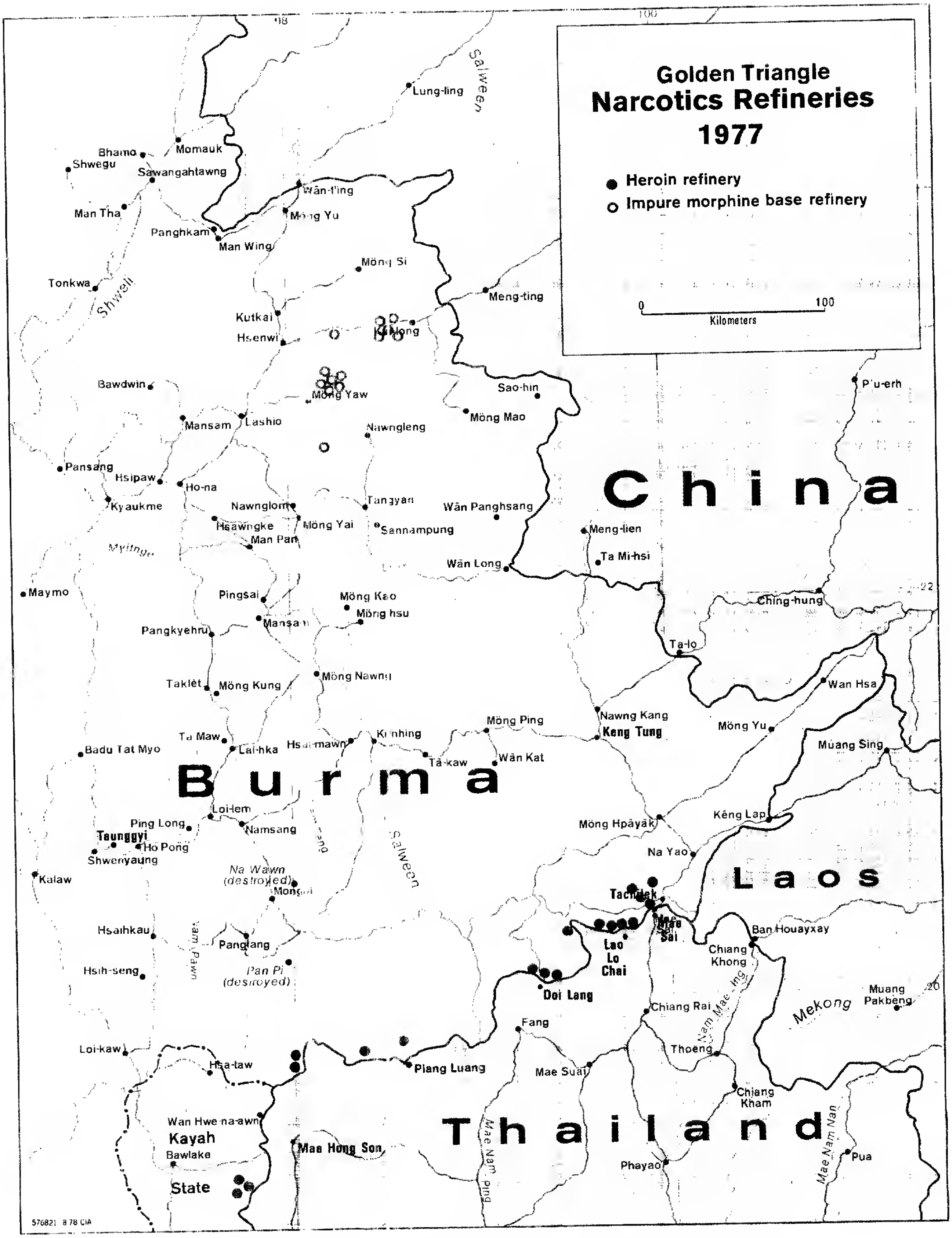
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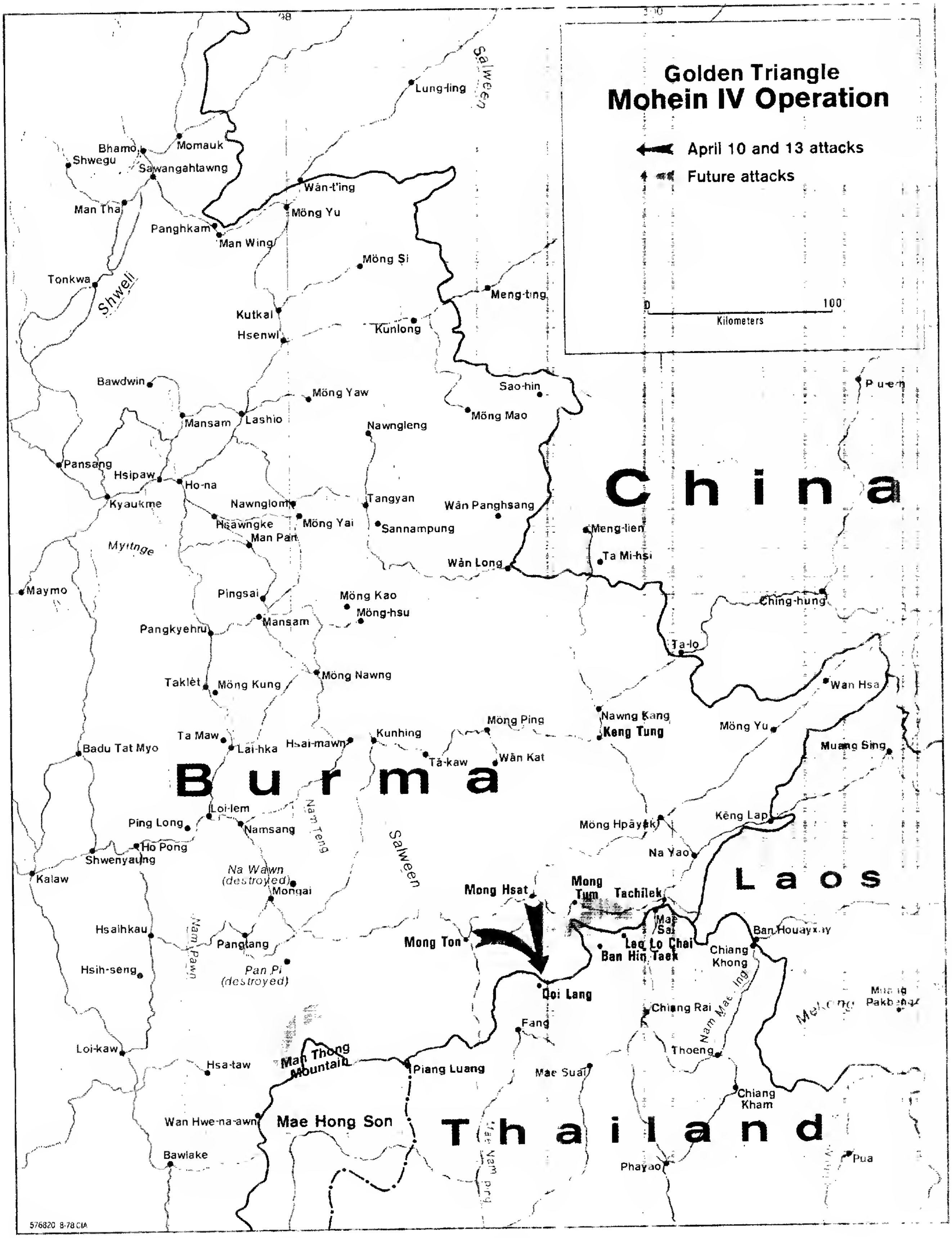

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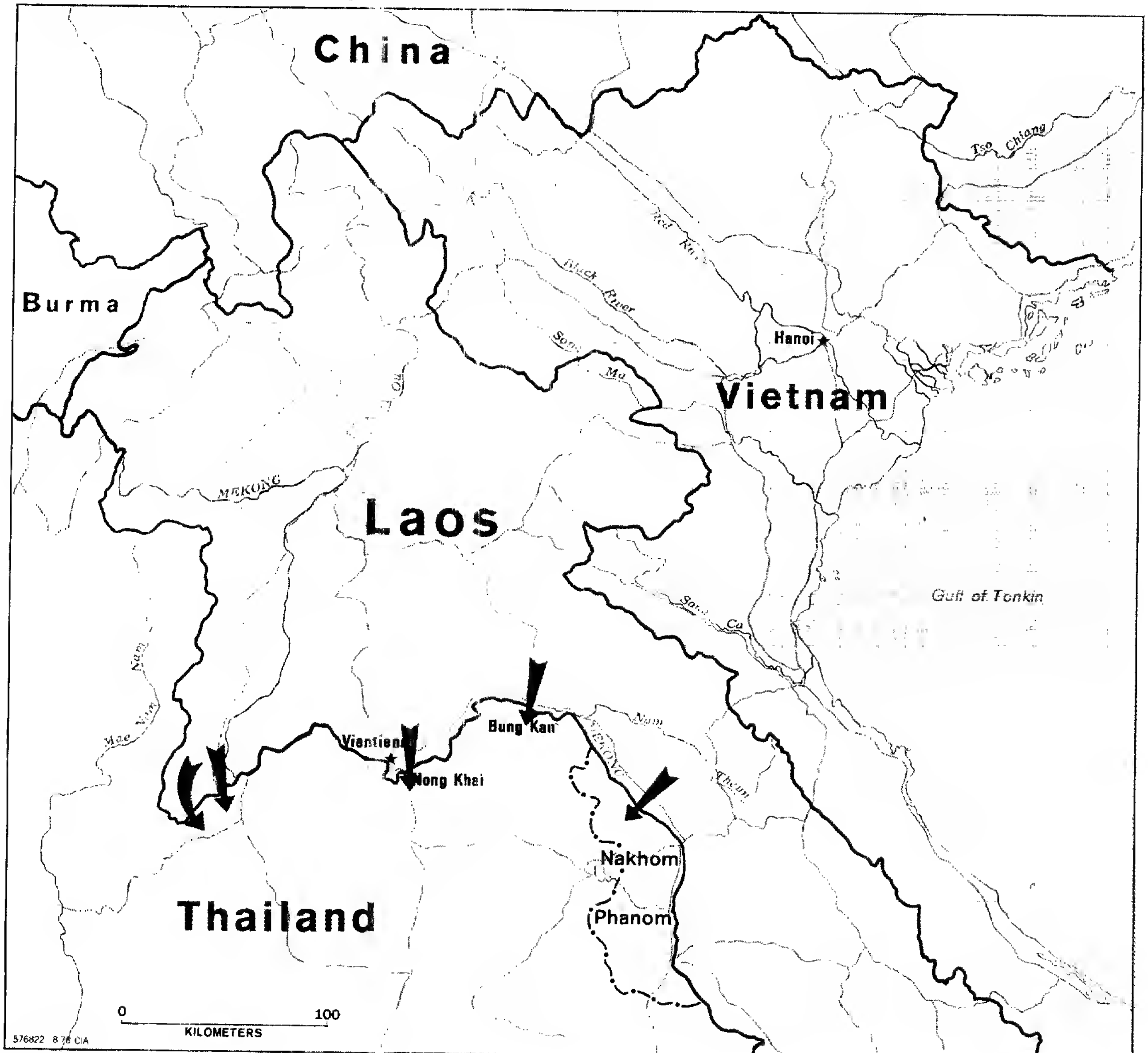
Laos: Narcotics entry points into Thailand



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